

**AMENDMENT NO. 1 TO
AGREEMENT DATED MARCH 26, 2018**

THIS AMENDMENT NO. 1 to the Agreement (this “Amendment”) dated March 26, 2018, is made and entered into as of the 4th day of February, 2019 by and among James C. Justice Companies, Inc., Southern Coal Corporation, Kentucky Fuel Corporation, Justice Family Group, LLC and Mechel Bluestone, Inc. (collectively the “Collateral Justice Companies” or the “Collateral Obligor”), Beech Creek Coal Corp. (“Beech Creek”), James C. Justice, II (“Justice II”) and Lexon Insurance Company and its affiliates and subsidiaries (“Lexon”), (collectively, the “Parties and each individually a “Party”). All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Agreement (as defined below).

RECITALS

WHEREAS, reference is made to that certain Agreement dated March 26, 2018 by and among the Parties (the “Agreement”) which, as modified herein, is incorporated herein by reference as if set forth in full;

WHEREAS, more than One Million Twenty-Five Thousand U.S. dollars (\$1,025,000.00) of the Indebtedness remains unpaid (the “Remaining Indebtedness”);

WHEREAS, the Collateral Justice Companies failed to provide New Collateral to Lexon under the terms of the Agreement;

WHEREAS, Justice II entered into a Limited Commercial Guaranty dated March 26, 2018 for the benefit of Lexon (the “Guaranty”) pursuant to which Justice II guaranteed payment of the Indebtedness and the New Collateral;

WHEREAS, as of February 4, 2019, the Remaining Indebtedness and New Collateral remained unpaid in breach of the Agreement;

**Defendant's
Exhibit 3**

WHEREAS, Lexon issued a written demand to Justice II on January 14, 2019 demanding payment of the remaining Indebtedness and the New Collateral;

WHEREAS, Justice II has breached the terms of the Guaranty;

WHEREAS, the Collateral Justice Companies, Beech Creek and Justice II have asked Lexon to execute new bonds having a total penal sum of approximately Three Million Five Hundred Thousand U.S. dollars \$3,500,000.00;

WHEREAS, Lexon has agreed to consider the issuance of such bonds if the Collateral Justice Companies, Beech Creek and Justice II agree to certain amendments to the terms and conditions of the Agreement; and

WHEREAS, in connection with the foregoing, the Parties hereto desire to amend the Agreement.

AMENDMENT

NOW, THEREFORE, for and in consideration of the terms, conditions and covenants set forth in this Amendment and other good and valuable consideration herein acknowledged as received, the Parties to this Amendment agree as follows:

Collateral

1) Paragraph 2 of the Agreement is hereby deleted in its entirety and replaced by the following:

“2) In substitution for the Collateral released, the Collateral Justice Companies and Beech Creek, jointly and severally, agree to deliver to Lexon new collateral in the total sum of Twenty Million U.S. dollars (\$20,000,000.00) (the “New Collateral”). The Collateral Justice Companies and Beech Creek agree to deliver the New Collateral to Lexon as follows:

a) The Collateral Justice Companies and Beech Creek agree to make monthly partial payments to Lexon in the amount of Two Hundred and Fifty Thousand U.S. dollars (\$250,000.00) which shall be due on the last day of each month starting on February 28, 2019 (each payment a “Collateral Payment”) and ending on the date that Lexon confirms it has received New Collateral equal to Twenty Million U.S. dollars (\$20,000,000.00). For the avoidance of doubt, the first Collateral Payment shall be due on February 28, 2019. While Lexon agrees to accept partial payments throughout each month, in no event shall the total amount delivered to Lexon in any given month be less than Two Hundred and Fifty Thousand U.S. dollars (\$250,000.00).

b) The Collateral Justice Companies and Beech Creek represent to Lexon that they are in the process of selling certain entities (the “Liquidity Event”).

Upon the closing of the Liquidity Event, the Collateral Justice Companies and Beech Creek shall instruct the appropriate person/closing agent to make a direct payment to Lexon from the sale proceeds in an amount equal to Twenty Million U.S. dollars (\$20,000,000.00) less any Collateral Payments previously made, including any partial Collateral Payments.

d) Notwithstanding anything to the contrary and notwithstanding the failure of the Liquidity Event to occur, the Collateral Justice Companies and Beech Creek, jointly and severally, agree to deliver to Lexon additional payments as follows (each payment an “Additional Collateral Payment”):

i. To the extent that the New Collateral has not been fully delivered to Lexon on or before September 30, 2019, the Collateral Justice Companies

and Beech Creek, jointly and severally, agree to pay Lexon an amount equal to Five Million U.S. dollars (\$5,000,000) less any Collateral Payments previously made, including any partial Collateral Payment on or before October 1, 2019.

- ii. To the extent that the New Collateral has not been fully delivered to Lexon on or before March 31, 2020, the Collateral Justice Companies and Beech Creek, jointly and severally, agree to pay Lexon an amount equal to Ten Million U.S. dollars (\$10,000,000) less any Collateral Payments previously made including any partial Collateral Payment, less any Additional Collateral Payment previously made. Such payment shall be due on or before April 1, 2020.
- iii. To the extent that the New Collateral has not been fully delivered to Lexon on or before September 30, 2020, the Collateral Justice Companies and Beech Creek, jointly and severally, agree to pay Lexon an amount equal to Fifteen Million U.S. dollars (\$15,000,000) less any Collateral Payments previously made including any partial Collateral Payment, less any Additional Collateral Payment previously made. Such payment shall be due on or before October 1, 2020.
- iv. To the extent that the New Collateral has not been fully delivered to Lexon on or before March 31, 2021, the Collateral Justice Companies and Beech Creek, jointly and severally, agree to pay Lexon an amount equal to Twenty Million U.S. dollars (\$20,000,000) less any Collateral Payments previously made including any partial Collateral Payment, less any

Additional Collateral Payment previously made. Such payment shall be due on or before April 1, 2021.

- e) The obligation of the Collateral Justice Companies and Beech Creek to post the New Collateral as set forth above shall be personally guaranteed by Justice II pursuant to the terms and conditions of the Guaranty (as defined below).

The Premium

2) Paragraph 3 of the Agreement is deleted in its entirety and replaced by the following:

“3) The Parties Agree the Remaining Indebtedness is equal to One Million Twenty-Five Thousand U.S. dollars (\$1,025,000.00). The Parties also agree that in addition to the Remaining Indebtedness, additional premium of \$2,513,400.75 is now due and owing (the “New Indebtedness”). The Remaining Indebtedness together with the New Indebtedness is equal to \$3,538,400.75 (the “Total Indebtedness”).

b) The Collateral Justice Parties and Beech Creek agree, jointly and severally, to pay Lexon the Total Indebtedness as follows:

- i. On the last day of each month, the Collateral Justice Companies and Beech Creek, jointly and severally, agree to pay Lexon the sum of Two Hundred Thousand U.S. dollars (\$200,000.00) per month until the Total Indebtedness is paid in full (the “Premium Payments”). Such Premium Payments will begin on February 28, 2019. Lexon agrees to accept partial payments throughout each month but, in no event shall the amount paid in any given month be less than \$200,000.00.

ii. On [March 26, 2018], under the terms of the Agreement, Beech Creek transferred title/ownership of certain equipment/machinery (the “Equipment”) set forth on Exhibit C, attached hereto and made apart hereof, to Lexon. In addition to the Premium Payments described above, Beech Creek agrees to sell the Equipment with the proceeds to be used to reduce the Total Indebtedness as detailed below:

1. Beech Creek will continue to provide insurance coverage for the Equipment and the applicable policies shall name Lexon as an additional insured.
2. Beech Creek shall sell the Equipment with the proceeds to be used to reduce the Total Indebtedness. Such terms of all sales (including price) shall be subject to Lexon’s approval. At the time of any sale, Lexon shall transfer ownership of the sold Equipment to the purchaser and the entire sale proceeds shall be given to Lexon. Beech Creek shall bear any and all costs of the sale.
3. In the event the proceeds from the sale of the Equipment exceed the amount required to fully satisfy the Total Indebtedness, Lexon shall hold the excess as a credit to be applied toward future obligations of the Collateral Justice Companies with respect to the Bonds, whether premiums or otherwise.

c) The Collateral Justice Companies and Beech Creek recognize that additional amounts for premium may become due during the term of this Agreement and they hereby agree that the New Indebtedness shall be increased in like amount

(e.g., if new premium is due on March 2, 2019 in the amount of \$10,000.00, the New Indebtedness is increased by \$10,000.00). Additional amounts for premiums under this sub-paragraph are those premiums that are sixty (60) days or more past due.

- d) At such time as the Total Indebtedness is paid in full, the Collateral Justice Companies and Beech Creek shall pay Lexon (i) any additional premium due, or (ii) Two Hundred Thousand U.S. dollars (\$200,000.00) per month, whichever is greater. Such payments shall be due on the last day of each month.
 - e) In the event Lexon does not receive the payments described in this Paragraph 3 of the Agreement as required herein, such failure shall constitute a material breach of this Agreement and Lexon may exercise any and all rights it may have under the law, the Agreement (including any amendments thereto) and the Guaranty.
 - f) The payment of the Total Indebtedness shall be personally guaranteed by Justice II pursuant to the terms and conditions set forth in the Guaranty (as defined below).”
- 3) Exhibit C (Equipment List) to the Agreement is hereby deleted in its entirety and replaced with Exhibit C attached hereto.
- 4) Exhibit E to the Agreement is hereby deleted in its entirety and replaced with the form of Guaranty attached hereto as Exhibit E,
- 5) A new Paragraph 14 is added to the Agreement immediately following Paragraph 13:
- 14) Lexon agrees that it will consider applications from the Collateral Justice Companies and/or their subsidiaries and affiliates for additional bonds. Lexon’s

consideration of these applications will be in accordance with Lexon's underwriting procedures. The execution and issuance of any additional bonds will be in the sole and absolute discretion of Lexon.

a) Lexon recognizes that it has received a request for new bonds, including but not limited to Kentucky Fuel Corporation, A&G Coal Corporation and Infinity Energy, Inc., as principal and the State of Kentucky as obligee in cumulative penal sums of approximately Three Million Five Hundred Thousand U.S. dollars (\$3,500,000.00) (the "New Kentucky Bonds"). Lexon agrees to execute the New Kentucky Bonds upon the execution of this Amendment, and execution by Justice II of the Guaranty, each dated February 4, 2019."

6) A new Paragraph 15 is added to the Agreement immediately following Paragraph 14:

"15) At Lexon's request, the Collateral Justice Companies and Beech Creek agree to allow a third-party engineering firm to examine their books and records during normal business hours and upon reasonable notice."

7) The Parties agree time is expressly made of the essence with respect to each and every provision of this Amendment and the documents and instruments entered into in connection herewith.

8) Contemporaneously with the execution of this Amendment, and as a condition precedent to any and all obligations of Lexon under this Amendment, Justice II shall execute and deliver the form of Guaranty attached hereto as Exhibit E.

9) Except as modified and expressly amended by this Amendment, the Agreement is in all respects ratified and confirmed, and the terms, provisions and conditions thereof shall be and remain in full force and effect. If there is conflict between this amendment and the Agreement or any earlier amendment, the terms of this amendment will prevail.

(Signatures on Following Page)

LEXON INSURANCE COMPANY

By: _____
Print Name: Brian Beggs
Title: CEO

JAMES C. JUSTICE COMPANIES, INC.

By: _____
Print Name: James C. Justice III
Title: President

SOUTHERN COAL CORPORATION

By: _____
Print Names: James C. Justice III
Title: President

James C. Justice II

KENTUCKY FUEL CORPORATION

By: _____
Print Name: James C. Justice III
Title: President

JUSTICE FAMILY GROUP, LLC

By: _____
Print Name: James C. Justice III
Title: Member

MECHEL BLUESTONE, INC.

By: _____
Print Name: James C. Justice III
Title: President

BEECH CREEK COAL CORP.

By: _____
Print Name: James C. Justice III
Title: President

LEXON INSURANCE COMPANY

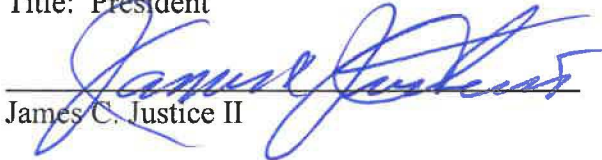
By: _____
Print Name: Brian Beggs
Title: CEO

JAMES C. JUSTICE COMPANIES, INC.

By: _____
Print Name: James C. Justice III
Title: President

SOUTHERN COAL CORPORATION

By: _____
Print Names: James C. Justice III
Title: President


James C. Justice II

KENTUCKY FUEL CORPORATION

By: _____
Print Name: James C. Justice III
Title: President

JUSTICE FAMILY GROUP, LLC

By: _____
Print Name: James C. Justice III
Title: Member

MECHEL BLUESTONE, INC.

By: _____
Print Name: James C. Justice III
Title: President

BEECH CREEK COAL CORP.

By: _____
Print Name: James C. Justice III
Title: President

EXHIBIT C
EQUIPMENT LIST

CAT 785B	6HK00493	\$225,000.00
CAT 777D	AGC01886	\$160,000.00
O&K RH200	200096	\$1,120,000.00
Komatsu 730E	A30535	\$880,000.00